

## **Guidelines for the Valuation of Securities, i.e. Equities and Bonds**

These guidelines are intended to assist CRT staff members in their determination of values for securities, including bonds, held in awardable custody accounts. The guidelines have been developed as a result of consultations among CRT Special Masters Junz and Bradfield and Special Master Gribetz. The guidelines should be applied to future awards, and may also require that the staff revisit awards previously issued to determine which, if any, should receive additional payments to comport with the policies expressed in these guidelines.

### **Basic premise:**

The basis for valuation of securities, i.e. equities and bonds, is their market value as of the date that the Account Owner can be deemed to have lost control of his/her portfolio. The relevant dates for market quotations are as follows:

1. the date of closure of the account, if that date falls within the relevant period, or
2. where no closure date is available, or where the date of closure falls outside the relevant period, the date utilized by the CRT in determining when the account owner's country of residence or citizenship came under Nazi occupation or control in other ways (e.g., date of formal alliance with the Axis).

### **Sources for ascertaining market value:**

A number of sources registering market values during the relevant period are available. These sources should be consulted in sequence; i.e., once a market value is located there is no need to look further. Thus, if a market value is located in any sources listed at Item 1 below, there is no need to consult the sources listed in Items 2. If a market value is located in Source 2a, there is no need to consult sources 2b or 2c, or Source 3 (and so forth). This, however, does not mean to straitjacket CRT staff into employing this sequence undeviatingly. If a major source for financial market quotations, such as for example the New York Times, now listed as Source 3 a) is more readily available than the Schaffhausen Stock Exchange Annual, now listed as Source 2 c), it might be consulted first for obvious efficiency reasons. The sources shown below are listed in the most likely sequence for finding specific market quotations. Experience will show whether for a particular type of security going directly to say Compass, shortcuts the overall search. The main point is that once a quotation has been found for the relevant date, there is no need to look any further. However, it should be kept in mind that information from a source providing daily data is preferable to that from sources providing only periodic (e.g. annual) information.

#### **Source 1: The CRT's existing database**

The CRT's existing database of market quotations, i.e., market values that already have been awarded based upon certified quotes from the 1938 Census, bank

documentation, claimant documentation, or previous CRT research. The market value for the date closest to the account closing date, or the Nazi occupation/control date, should be used. If a range of quotations is available for the same date, the amounts should be averaged.

Source 2: Swiss exchanges

- a) Zurich Kursblatt; or
- b) For Swiss issues not listed in Zurich, the Geneva and Basel exchanges (*Bourse de Genève; Bourse de Bâle*); or
- c) For Swiss issues not listed in Zurich, Geneva or Basel: Bern, Lausanne, Neuchâtel, St. Gallen or Schaffhausen Exchanges.

Source 3: Financial press

- a) New York Times or Wall Street Journal; or
- b) Financial Times or London Times, especially for securities denominated in Pound Sterling; or
- c) Frankfurter Allgemeine or Neue Freie Presse (Vienna), especially for securities denominated in RM and Austrian schillings.

Source 4: Stock exchange handbooks and annual yearbooks

- a) Compass Series (for Central and Eastern European countries): Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia, and Austria.

For purposes of the Compass series, the appropriate source to consult is based upon the bond's country of issue.

- b) To the extent not available from the foregoing sources: Moody's Manuals; individual stock exchange manuals, e.g., *Handbuch der deutschen Aktiengesellschaften*, Stock Exchange Official Year-Book, *Manuel des valeurs cotées à la Bourse de Genève*.

**Determining award values:**

1. **Equities:** In all cases, equities should be awarded at market value, as equities are traded either without a face value, or with a notional face value that bears no relationship to the value of the security.

## 2. **Bonds:**

### a) **General rule – Quality Bonds:**

In many cases, the bond will be of good quality; i.e., one which was normally serviced and paid the agreed amount of interest on time. In such cases, the award valuation is as follows:

- i. Market value, if that value was at or above nominal value just prior to or on the date the Account Owner is deemed to have lost control over the account. It is presumed that the Account Owner, who no longer could manage the account, would under the circumstances have opted to take advantage of a market price that either provided full payment before maturity or allowed him/her to realize a capital gain.
- ii. Nominal value, if market value was below nominal value on the relevant date. It is presumed that the Account Owner, if able to decide freely, could have opted to hold the bond to maturity to avoid a capital loss.

### b) **Exception – Bonds in Default:**

- i. The CRT staff should determine whether the bond was in default if possible at the same time that he/she obtains the market value. If market value is obtained from The New York Times or Wall Street Journal, there will be an asterisk (\*) or dagger next to the issuer's name, indicating default. If market value is obtained from the Compass series, Moody's Manuals, or a Stock Exchange Annual, there generally will be a narrative or notation indicating the status of the bond. Absent an indication of the bond's status in the source from which the price quotation is taken, Moody's Manuals, as the broadest general source for determining the status of a bond, should be consulted; a further source regarding especially the status of sovereign debt (i.e. government bonds), and particularly useful in the case of non-European sovereign debt (e.g. Mexico, Argentina), are the Annual Reports of the London Corporation of Foreign Bondholders. If there is no confirmation of default from the foregoing sources, the bond could be presumed to be of good quality.
- ii. If the bond is in default, the award valuation should be the market value on or as close as possible to the relevant date. It is presumed that the Account Owner chose to purchase and/or hold a high-risk security in his/her portfolio, so that the Account Owner's ability to manage the portfolio would not have enhanced his/her capability to obtain nominal value during or immediately after the relevant period.